



## UNIT-2

### 2.12 GAP ANALYSIS

Gap analysis is a strategic planning tool used to identify the difference between the current state and the desired future state of an organization, process, or system. By identifying these gaps, organizations can develop strategies to bridge them, ensuring alignment with goals and objectives. Gap analysis is instrumental in performance improvement, strategic planning, and change management.

#### Objectives of Gap Analysis

- **Identify Gaps:** Determine where the organization currently stands in relation to where it wants to be.
- **Understand Causes:** Analyze the reasons behind the gaps.
- **Develop Action Plans:** Create strategies and actions to bridge the gaps.
- **Prioritize Resources:** Allocate resources efficiently to address the most critical gaps.
- **Track Progress:** Monitor progress and adjust strategies as necessary.

#### Steps in Gap Analysis

##### 1. Define Objectives

- Clearly articulate the desired future state or goals. These should be specific, measurable, achievable, relevant, and time-bound (SMART).

##### 2. Assess Current State

- Conduct a thorough assessment of the current state. This can include quantitative data (e.g., financial metrics, performance indicators) and qualitative data (e.g., employee feedback, market analysis).

##### 3. Identify Gaps

- Compare the current state to the desired future state to identify gaps. This involves highlighting discrepancies in performance, processes, skills, or resources.

##### 4. Analyze Causes

- Investigate the underlying causes of the gaps. This may involve root cause analysis techniques such as the 5 Whys or fishbone diagrams.

##### 5. Develop Action Plans



- Create specific, actionable strategies to bridge the identified gaps. These plans should include clear steps, responsible parties, timelines, and required resources.

## 6. Implement Actions

- Execute the action plans, ensuring that resources are allocated effectively and stakeholders are engaged.

## 7. Monitor and Review

- Continuously monitor progress towards closing the gaps. Adjust the action plans as necessary based on performance data and feedback.

## Types of Gap Analysis

### 1. Strategic Gap Analysis

- Focuses on long-term goals and the strategic direction of the organization. It assesses how current strategies align with the organization's vision and mission.

### 2. Performance Gap Analysis

- Examines discrepancies between current performance levels and desired performance standards. This can involve key performance indicators (KPIs) and benchmarks.

### 3. Process Gap Analysis

- Analyzes the efficiency and effectiveness of current processes compared to best practices or desired process outcomes.

### 4. Skills Gap Analysis

- Identifies gaps between the current skills and competencies of the workforce and those required to achieve organizational goals.

### 5. Market Gap Analysis

- Assesses gaps in market offerings compared to customer needs and competitor capabilities. This can highlight opportunities for new products or services.

## Practical Example of Gap Analysis

**Company: ABC Manufacturing**

**Objective: Improve Operational Efficiency**



## 1. Define Objectives

- Reduce production costs by 15% within 12 months.
- Decrease lead time from order to delivery by 20%.

## 2. Assess Current State

- Current production costs: \$1,000,000 per month.
- Current lead time: 30 days.

## 3. Identify Gaps

- Cost reduction gap: \$150,000 per month.
- Lead time reduction gap: 6 days.

## 4. Analyze Causes

- High production costs due to outdated machinery and inefficient processes.
- Long lead times caused by bottlenecks in the supply chain and production line.

## 5. Develop Action Plans

- Invest in new machinery with higher efficiency.
- Implement lean manufacturing techniques to streamline processes.
- Optimize supply chain by identifying and addressing bottlenecks.

## 6. Implement Actions

- Allocate budget for machinery upgrade and training on lean techniques.
- Engage supply chain partners to improve coordination and efficiency.

## 7. Monitor and Review

- Track monthly production costs and lead times.
- Conduct regular reviews to assess progress and make necessary adjustments.

## Benefits of Gap Analysis

- **Improved Performance:** Identifying and addressing gaps leads to enhanced efficiency and effectiveness.



- **Strategic Alignment:** Ensures that organizational activities are aligned with strategic goals.
- **Resource Optimization:** Helps in prioritizing resource allocation to areas with the greatest impact.
- **Enhanced Decision-Making:** Provides a clear framework for making informed decisions.
- **Competitive Advantage:** Identifying and closing gaps can position the organization more favorably in the market.

## Conclusion

Gap analysis is a vital tool for organizations seeking to improve performance, achieve strategic goals, and maintain competitive advantage. By systematically identifying and addressing gaps between the current state and desired future state, organizations can develop targeted action plans that drive meaningful change and continuous improvement.